

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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O 261705Z NOV 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 5897

INFO USCINCSO IMMEDIATE

GOVERNOR PANCANAL IMMEDIATE

S E C R E T PANAMA 7259

EXDIS

FOR THE SECRETARY, DEPUTY SECRETARY CLEMENTS AND
JCS CHAIRMAN BROWN FROM BUNKER

E.O. 11652: GDS

TAGS: PN, PFOR

SUBJECT: PANAMA NEGOTIATIONS: STATUS REPORT

I.

I BELIEVE WE HAVE MADE PROGRESS DURING THIS LAST ROUND
IN MOVING PANAMA FROM AN INFLEXIBLE STANCE ON ITS EXISTING
NEGOTIATING POSITIONS TO A STANCE OF WILLINGNESS TO BARGAIN
ON THEM.

I SHALL RETURN HERE IN A FEW WEEKS TO VERIFY THAT.

MY OBJECTIVE STILL IS TO ACHIEVE A DECENT MEASURE OF
CONCEPTUAL AGREEMENT WITH PANAMA BY EARLY JANUARY. THAT,
HOWEVER, WILL TAKE SOME DOING.

II.

THE "PACKAGE DEAL" WHICH I PRESENTED TO PANAMA
LAST SEPTEMBER 5, BASED ON THE ALTERED PRESIDENTIAL
GUIDANCE, PROVED TO BE TOO COMPREHENSIVE FOR PANAMA
TO COPE WITH, AND TOO TOUGH IN THE OVER-ALL FOR IT

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TO RECOGNIZE AS CONSTITUTING A BASIS FOR BARGAINING.

WHAT IT DID WAS THRUST PANAMA INTO A GOVERNMENTAL AND EMOTIONAL DISARRAY WHICH PROMISED NOTHING BUT NEGOTIATING IMPASSE -- POSSIBLY EVEN BREAKDOWN. THAT WOULD NOT HAVE SERVED US.

ACCORDINGLY MY DEPUTIES AND I DECIDED TO IMPROVE THE OFFER FROM PANAMA'S VIEWPOINT.

AT OUR FIRST SESSION WE MADE A NUMBER OF MINOR CONCESSIONS DESIGNED TO STRIP THE OFFER OF WHAT PANAMA PERCEIVED AS "DISGUISED PERPETUITY" CLAUSES. THIS DID NOT SERVE OUR INTENDED PURPOSE OF MOVING PANAMA INTO A WILLINGNESS TO BARGAIN. THEREFORE WE THEN RELAXED OUR POSITION ON DURATION -- WHICH, AS YOU KNOW, IS OF PARAMOUNT IMPORTANCE TO PANAMA -- BY:

- (1) REDUCING THE DURATION PERIOD (DEFENSE) FROM 50 TO 40 YEARS;
- (2) REDUCING THE DURATION PERIOD (OPERATION) FROM 25 YEARS TO DECEMBER 31, 1999; AND
- (3) ALTERING THE PROVISION RELATING TO A ROLE FOR THE UNITED STATES IN CANAL DEFENSE AFTER THE TREATY'S EXPIRATION, BY CONFINING IT TO AN AGREEMENT THAT THE TWO PARTIES WILL NEGOTIATE AND REACH MUTUAL ACCORD ON THAT PRIOR TO THE TREATY'S END.

I ALSO ANNOUNCED OUR WILLINGNESS TO PUT TECHNICAL TEAMS UNDER THE DIRECTION OF THE DEPUTIES TO WORK IMMEDIATELY AFTER CHRISTMAS ON THE LAND/WATER ISSUE -- ALSO PARAMOUNT FOR PANAMA, AS FOR US. SUBSEQUENTLY THE TEAMS COULD TAKE UP OTHER ISSUES SUCH AS THE SHAPE OF THE NEW CANAL ADMINISTRATION ORGANIZATION.

III.

YOU SHOULD NOTE THAT THERE IS NO REASON TO EXPECT THAT PANAMA WILL BUY OFF ON OUR SEPTEMBER 5 "PACKAGE" OFFER AS WE HAVE JUST AMENDED IT.

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BUT I SENSE THAT PANAMA HAS NOW BEEN TRIGGERED, AT LONG LAST, INTO MOVING GRADUALLY, THOUGH HALTINGLY, TOWARD OUR POSITIONS -- THAT IS, INTO THE PROCESS OF BARGAINING OUT AN EQUITABLE TREATY ARRANGEMENT.

WE NEED NOT EXPECT THAT DURING THIS PROCESS PANAMA WILL RELAX ITS PRESSURE TACTICS ON US -- THOUGH IT MIGHT BE INCLINED TO TEMPER THEM AS IT PERCEIVES "PROGRESS."

I FEEL THAT AT THIS SESSION WE ACHIEVED SOME
PROGRESS. I MEASURE THAT PROGRESS IN TERMS OF OUR OWN
NEED TO PROCEED AT A CAREFUL PACE IN THIS NEGOTIATION
-- THOUGH A PACE WHICH DOES, IN FACT, PRODUCE STEADY
PROGRESS.

I WOULD ADD THAT AT THE VERY LEAST WE HAVE
IMPROVED OUR TACTICAL POSITION VIS-A-VIS LATIN
AMERICAN AND OTHER PANAMA-WATCHERS. WE CAN EASILY
ESTABLISH THAT WE HAVE MOVED MEANINGFULLY TOWARD
PANAMA AND THAT, IT IS NOW PANAMA'S TURN TO
MOVE TOWARD US.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PANAMA CANAL TREATY, NEGOTIATIONS, PROGRESS REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 NOV 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PANAMA07259
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750412-0121
From: PANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975117/aaaaafpq.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 SEP 2003 by greeneet>; APPROVED <30 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PANAMA NEGOTIATIONS: STATUS REPORT I.
TAGS: PFOR, PN, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006